

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Tahiti Apartment Homes, located at 11850 Beach Blvd in Stanton, requested and is being recommended for a reservation of \$1,861,974 in annual federal tax credits to finance the adaptive reuse of 59 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Jamboree Housing Corporation and is located in Senate District 29 and Assembly District 65.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-096

Project Name Tahiti Apartment Homes
Site Address: 11850 Beach Blvd
Stanton, CA 90680 County: Orange
Census Tract: 879.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,861,974	\$0
Recommended:	\$1,861,974	\$0

Applicant Information

Applicant: Beach2 Housing Partners LP
Contact: Mario Turner
Address: 17701 Cowan Ave Suite 200
Irvine, CA 92614 CA 92614
Phone: 949-208-3949
Email: mturner@jamboreehousing.com

General Partner(s) / Principal Owner(s): JHC-Beach2 MGP LLC
General Partner Type: Nonprofit
Parent Company(ies): Jamboree Housing Corporation
Developer: Jamboree Housing Corporation
Investor/Consultant: Union Bank
Management Agent(s): American Family Housing

Project Information

Construction Type: Adaptive Reuse
Total # Residential Buildings: 2
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (59 units - 100%)

Information

Set-Aside: N/A
Housing Type: Special Needs
Type of Special Needs: Homeless/formerly homeless
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
% of Special Need Units: 59 units 100.00%
Geographic Area: Orange County
TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 59	80%

Unit Mix

59 SRO/Studio Units
1 1-Bedroom Units
60 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
59 SRO/Studio	30%	\$706
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,630,000
Construction Costs	\$10,416,720
Rehabilitation Costs	\$0
Construction Contingency	\$1,384,617
Relocation	\$0
Architectural/Engineering	\$813,800
Const. Interest, Perm. Financing	\$962,162
Legal Fees	\$260,000
Reserves	\$1,054,809
Other Costs	\$6,829,140
Developer Fee	\$2,104,606
Commercial Costs	\$0
Total	\$34,455,854

Residential

Construction Cost Per Square Foot:	\$232
Per Unit Cost:	\$574,264
True Cash Per Unit Cost*:	\$557,598

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank	\$14,472,580	Union Bank	\$1,435,000
City of Stanton - Land Lease	\$1,000,000	City of Stanton - Land Lease	\$1,000,000
City of Stanton	\$1,961,438	City of Stanton	\$1,961,438
County of Orange	\$2,400,000	County of Orange	\$2,400,000
County of Orange COSR	\$1,458,314	County of Orange COSR	\$1,458,314
GP Loan: Project Homekey	\$9,600,000	GP Loan: Project Homekey	\$9,600,000
Deferred Costs	\$2,042,912	Tax Credit Equity	\$16,601,102
Tax Credit Equity	\$1,520,610	TOTAL	\$34,455,854

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$13,875,520
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$5,963,488
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$18,038,176
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$5,963,488
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,623,434
Maximum Annual Federal Credit, Acquisition:	\$238,540
Total Maximum Annual Federal Credit:	\$1,861,974
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,104,606
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	\$0.89159

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Special Needs
Final:	78.151%

Significant Information / Additional Conditions

Development costs are roughly \$557,598 per unit. The factors affecting this cost includes high land costs in Orange County, mitigation costs for lead paint and asbestos, and the requirement to pay prevailing wages.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

This project will include the adaptive reuse of an existing 60-room motel built in 1960 and rehabilitated in 2009. The site is currently being used as transitional housing under Project Homekey. Upon completion, the project will include 59 LIHTC units and 1 manager’s unit.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	0
Housing Needs	10	10	7
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs project within 1 mile of facility serving tenant population	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	106

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.